

Questions and Answers

Northern Pipeline Act (NPA)

What is the Northern Pipeline Act (NPA)?

The NPA is valid, current Government of Canada legislation, which ensures benefits for Canadians are realized in the development of the Alaska Pipeline Project. Passed in 1978, the NPA is the law of Canada.

How does the NPA benefit Canadians?

The terms and conditions from the NPA have built-in benefits for Canadians, such as:

- Canadian ownership
- Tolling benefits for both Alaska and Western Canada Sedimentary Basin producers
- Opportunity measures for First Nations, Métis and Northerners
- Access to Alaska gas for Alberta's petrochemical industry
- Gas to remote communities along the pipeline
- Property tax benefits for the Yukon
- Maximization of Canadian employment and supplies
- Integration with existing pipeline systems will help keep energy prices competitive

Is the NPA out of date?

The NPA didn't come with an expiry date. It's a unique legislative framework created to deal with a unique project. The law is in effect today and has been used to approve numerous expansions of the existing pre-build sections of the Alaska Pipeline Project owned by Foothills Pipe Lines Ltd., the latest of which occurred in 1998. It's a dynamic Canadian law developed with the flexibility to accommodate changing technology and modern environmental standards.

Does the NPA pose a risk to the Alaska Pipeline Project moving forward?

Starting over with a project of this magnitude would be time consuming and expensive, as well as unfair to Foothills, which holds the rights. Any attempt to proceed with a non-NPA project will create significant uncertainty and project delays. Under the NPA and with our pre-eminent natural gas pipeline skills, TransCanada can build the Canadian portion of the Alaska Pipeline Project better, faster and cheaper than other alternatives.

Is using the NPA better than using the NEB? Would it be better for Canadians?

The National Energy Board (NEB) has already ruled on this project. In the late 1970s, a competitive NEB hearing was held to determine the best project to bring Alaska natural gas to markets. The Alaska Highway Natural Gas Pipeline was chosen as the best alternative and the NPA was established to guarantee Canadian benefits. The tolls for this project will be set by the NEB to ensure fairness for customers. The costs of the project would increase if there was another certification process.

Are there potential legal challenges if the NPA is used?

There is more certainty in the current law of Canada than in starting over and ignoring Foothills' existing rights. TransCanada is confident the regulatory regime of the NPA is robust and can withstand legal challenges that could arise in connection with a project of this magnitude. There have been no successful legal challenges over the NPA's 27-year history.

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